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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 18, 2016

FedEx

Barclay Cuthbert
U.S. Oil Sands (Utah) Inc.
Suite 1600, 521 – 3rd Avenue SW
Calgary, Alberta T2P 3T3
Canada

Subject: Division Directive to Provide Additional Reclamation Surety, U.S. Oil Sands (Utah) Inc, PR Springs Mine, M/047/0090, Uintah County, Utah

Dear Mr. Cuthbert:

The last reclamation cost estimate for the PR Spring mine was completed in 2015 prior to the construction of the plant facility at the mine. Given that construction of the plant facility is almost complete, it is imperative that all new facilities are accounted for in the cost estimate. To properly calculate this estimate, the Notice of Intention to Commence Large Mining Operations (LMO) needs to be up to date to ensure it is adequate and reflects the current operating conditions. An update to the reclamation surety, as well as any necessary updates to the LMO referencing the surface facilities is now due.

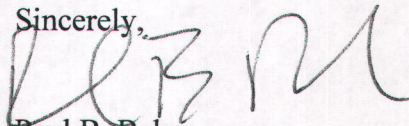
You are hereby directed to submit the reclamation cost estimate and any associated LMO updates by no later than September 23, 2016. All necessary changes should be addressed by submitting an amendment to the LMO using form MR-REV (LMO). After review and acceptance of the reclamation surety estimate, the Division will then require that the additional bond amount be posted.

The Division has developed worksheets to assist both the Division and mine operators to calculate the reclamation cost using standard unit costs. These are available on the Division's web site at http://linux3.ogm.utah.gov/WebStuff/wwwroot/minerals/bonding_worksheets.html. Please complete these forms and return a copy to the Division for review.

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Thank you for your cooperation. Please contact April Abate at 801-538-5214 for any issues related to permitting. Any questions relating to the reclamation cost estimate calculations can be directed to Wayne Western at 801-538-5263. In reply please refer to file number M/47/0090.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. B. Baker', written over the word 'Sincerely,'.

Paul B. Baker
Mining Program Manager

PBB: aa: pb
Cc: Doug Thornton, US Oil Sands, doug.thornton@usoilsandsinc.com
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